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Message Text

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ACTION NEA-10

INFO OCT-01 ISO-00 EUR-12 EB-08 STR-04 INT-05 COME-00
OMB-01 TRSE-00 CIAE-00 INR-07 NSAE-00 PM-04
NSC-05 SP-02 SS-15 /074 W
----------301032Z 071123 /23
R 291230Z APR 77
FM AMEMBASSY NEW DELHI
TO SECSTATE WASHDC 3064

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E.O. 11652: NA
TAGS: EIND IN UR
SUBJECT: SOVIET AID TO BOKARO STEEL MILL

REF: (A) STATE 093421 (B) NEW DELHI 6115

1. WE ASSUME DEPT IS REFERRING TO ARTICLE IN CALCUTTA BUSINESS STANDARD OF APRIL 18 HEADLINED "BOKARO AND BHILAI STEEL EXPANSION INDIAN MAY NOT TAKE AID FROM USSR". STORY IS NOT CARRIED IN OTHER PAPERS AND EVIDENTLY IS THE PRODUCT OF CONTACT WITH RELATIVELY GOOD SOURCE IN GOI. AS WE READ IT, HOWEVER, STORY TREATS TRENDS ALREADY EVIDENT IN GOI-SOVIET RELATIONS IN SENSATIONALIST MANNER.

2. EMBASSY'S AIRGRAM ANALYZING ECONOMIC TIES BETWEEN INDIAN AND, THE SOVIET UNION IN THE LIGHT OF THE NEW LONG TERM TRADE AND PAYMENTS AGREEMENT (A-167 OF JUNE 5, 1976) POINTED TO THE FACT THAT INDIAN DEMAND FOR SOVIET HEAVY INDUSTRIAL EQUIPMENT IS SLIGHT. IN DECEMBER, GOI TEAM WON SOVIET AGREEMENT TO SUBSTITUTE DOMESTICALLY-MANUFACTURED GOODS FOR $44 MILLION WORTH OF SOVIET EQUIPMENT ORIGINALLY PLANNED FOR THE BOKARO STEEL MILL (NEW DELHI 703 AND A-33). GIVEN THE GOI'S NEED TO REPAY THE SOVIET WHEAT
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LOAN OVER THE NEXT FIVE YEARS, IT SEEMS NATURAL THAT ALL WAYS OF FURTHER ELEMINATING UNNECESSARY IMPORTS FROM THE SOVIET UNION ARE BEING STUDIED.

3. ON BALANCE IT SEEMS UNLIKELY THAT THE GOVERNMENT HAD REACHED THE CONCLUSION REPORTED IN THE ARTICLE TO "DISPENSE WITH SOVIET ASSISTANCE ALTOGETHER FOR THE EXPANSION OF THE BOKARO AND

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BHILAI STEEL PLANTS". ACCORDING TO THE ARTICLE, THIS DECISION
WOULD IMPLY A WILLINGNESS TO DELAY THE COMPLETIONS OF THE EXPANSION
PROGRAMS BY TWO TO THREE YEARS. YET, IN THE PRECIOUS DAY'S
EDITION OF THE ECONOMIC TIMES, STEEL MINISTER PATNAIK IS REPORTED
TO BE EAGER TO ASSURE THAT EXPANSION PLANS WERE ADEQUATED TO MEET
THE INCREASE IN STEEL CONSUMPTIIN EXPECTED FROM THE LIFTING
OF THE EMERGENCY AND THE WITHDRAWAL OF GOVERNMENT CURBS ON
CONSTRUCTION.

4. CONSIDERING THE DATE OF ITS PUBLICATION, THE BUSINESS STANDARD
ARTICLE HAD ONE AMAZING BIT OF INFORMATION: "THE USSR HAD ALSO
INDICATED THAT IT WAS PREPARED TO EXTEND SPECIAL CREDIT OF
ABOUT 250 MILLION ROUBLES TO FINANCE THE COST OF IMPORTED
EQUIPMENT AND
KNOW-HOW FOR THE (STEEL) EXPANSION PROGRAMS." THE REPORTER
(OR HIS SOURCE) MISREAD THE FUTURE, HOWEVER, AND PREDICTED THAT,
"IN VIEW OF THE NEW THINKING, THE GOVERNMENT OF INDIA MAY
OBVOUSLY NOT AVAIL OF THIS OFFER." AS REPORTED REF B, THE NEW
ROUBLE CREDIT AGREED TO ON APRIL 26 IS TARGETED AT THE STEEL
AND COAL SECTORS.

5. EMBASSY WILL SEEK TO FURTHER ELUCIDATE GOI INTENTIONS
REGARDING SOVIET RULE IN ITS PLANS FOR DEVELOPMENT OF
STEEL INDUSTRY.
SCHNEIDER

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Message Attributes

Automatic Decaptioning: X
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: STEEL, INDUSTRIAL DEVELOPMENT, TECHNICAL ASSISTANCE
Control Number: n/a
Copy: SINGLE
Sent Date: 29-Apr-1977 12:00:00 am
Decaption Date: 01-Jan-1960 12:00:00 am
Decaption Note:
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
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From: NEW DELHI
Handling Restrictions: n/a
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